

22 AUG 1975

MEMORANDUM FOR: Director of Logistics

SUBJECT : Study of Small Purchasing Function in the
Office of Logistics

1. This memorandum is in response to your verbal request that this division respond to subject study.

2. While I wholeheartedly agree with the study's premise that like functions should be under single control and management, I cannot look upon the Small Purchases Branch (SPB), Central Depot (CD), as a unit whose sole, or even primary, function is to procure. To effectively fulfill its mission, i.e., reduce the burden previously placed upon the General Procurement Branch, Procurement Division (PD); circumvent the FPA system; and provide quick-reaction response, it must not only procure the items, but:

- a. Receive, inspect, and verify the merchandise;
- b. Pay the vendors;
- c. Advise the requester of the actual price paid;
- d. Issue, control, and submit accountings for the funds expended;
- e. Prepare shipping documentation;
- f. Pack small items and relocate the large items to a packing facility;
- g. Resolve discrepancies; and
- h. Maintain followup.

3. The above additional functions are supply or finance oriented. A recent "quick and dirty" study taken on the initiative of SPB indicated an approximate 50/50 split of its personnel's time between normal procurement actions versus supply/financial functions.

4. Before addressing the question of the proposed T.O. for the reorganized branch, the following monthly operational statistics must be cited and evaluated:

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Requisitions Processed (137 direct/297 diverted)	434
Line Items (Average 3.1 per requisition)	1,366
Buys (Based upon average of 2 line items per buy. FYI, with 3 buyers, this averages 10+ buys per day per buyer.)	683
Accountings (Average of 29 vendor invoices pro- cessed daily, and monthly average ex- penditure is \$61,276.00.)	Weekly
Shipments By:	
Pouch	40
APO	251
Cargo	107
Local Delivery	325
Tonnage	10.8 (or approximately 1,000 lbs per day)

*107
40
325*

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107

5. The present T.O. consists of:

a. Chief - Assigns the daily tasks, manages the operation, and is directly responsible for the control of the imprest fund of \$60,000 (may be raised to \$80,000).

b. Three buyers who rotate as packers, drivers, etc., as required.

c. One supply assistant who devotes his time to the accounting procedures, followup, and the preparation of shipping documentation.

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d. One clerical (on loan from the Materiel Facilities Branch, CD) who types purchase orders and branch general correspondence and assists in the maintenance of the fund.

TOTAL OF 7

The proposed T.O. calls for:

3 Buyers

1 Driver

1 Packer

TOTAL OF 5

6. Relating the proposed T.O. to the actual functions of the branch and to the statistics cited, it appears that the clerical and accounting functions will be diverted to personnel currently assigned to PD and that the driver and packer would perform the receiving, inspection, transportation and cargo handling requirements (these latter positions will be covered in paragraph 7). We do not feel that the accountings can be prepared on a part-time basis but must be the full-time task of one person. In fact, the recent audit of SPB strongly encourages the assignment of a full-time finance officer to that task, and the Office of Finance has concurred in the concept--which could eventually result in a reduction of an OL slot. As to the clerical position, it has been my understanding that, because of illness, transfers, peak workload periods, etc., PD has found itself backlogged (like the Supply Division today) solely due to the lack of an adequate typing pool. I do not feel that the branch's mission nor PD as a whole would be served by dropping this critical position and attempting to incorporate that function within its existing staff.

7. Perhaps the most critical issue to this division and to the continued success of SPB is the proposal to move that branch to the [REDACTED] where the following conditions will exist:

a. The single loading dock must receive an average of 1,000 pounds per day and, as averages trap those that compute them, far in excess of that amount on many occasions.

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b. The packer would be required to pack and mark material in an area accessible to non-Agency personnel.

c. The supplier, SPB, and CD cargo trucks--the cargo will have to be moved daily to the Depot to keep the limited space clear--would have to compete for the space with Logistics Services Division deliveries, the vehicles of the other occupants of the building, and those of the [REDACTED] maintenance support personnel. These delays will result in an across-the-board waste of manpower and time and possible repercussions from non-Agency activities.

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8. The need to effect daily pickups, rehandle the material at the Depot, and receive those items too bulky for the [REDACTED] Building will force this division to request at least one slot from the branch to support those requirements.

9. Rather than continue to list the many other inconveniences which would result in a move [REDACTED] permit us to list those advantages now available in CD, and let the reader compare the two locations (see attachment).

10. In a previous response to subject study, we indicated our reservations as to the flow of all procurement requisitions through our Inventory Control System and its impact upon an already taxed operation. Although it is now acknowledged that a "jerry-rigged" (no offense intended to [REDACTED] by-pass system could be established, our question is now, "Why accept such an arrangement or even a three percent change if we can avoid it?"


11. In summary, we do not foresee any major advantage--including the possibility of a reduced staff--in the proposal. Rather, we envision a cumbersome system requiring a duplication of effort, resulting in a waste of manpower and in a decline in our current quick-reaction capability.

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12. As mentioned at the recent meeting on this subject, I would strongly endorse the concept of assigning a strong, aggressive, and trained procurement officer to the chief or senior buyer position who would act as the "overseer and teacher" of procurement procedures, retaining the daily control of the branch under the Chief, CD, and the location the branch currently enjoys.

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Chief, Supply Division, OL

Att: as stated

cc: OL/P&TS w/jatt

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